



ACTIVITY FUNDS MANUAL



Carroll Independent School District

Creating an environment that fosters excellence.

Activity Funds Manual

The Activity Funds Manual is compiled to set forth policies and procedures regarding the administration and accounting of activity funds. Please note compliance with all policies and procedures set forth by the Carroll ISD Financial Services Department is mandatory.

Changes to the Manual may be made at any time and will be effective immediately.

Principals, secretaries/clerks, sponsors and other personnel involved in the handling of Activity Funds are responsible for following the guidelines and procedures prescribed in this manual.

This manual supersedes all prior publications regulating the administration of Activity Funds.

Thank you for your cooperation.

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SECTION I. GENERAL INFORMATION

1.1 Board Policies

All Board policies must be adhered to in the administration, handling, and maintenance of activity funds. DH (Local) states that, "Each District employee shall perform his or her duties in accordance with state and federal law, District policy, and ethical standards."

The following board policies (Legal, Local, Exhibit, and/or Regulation) are especially relevant to Activity Funds:

- CAA Fiscal Management Goals and Objectives (Financial Ethics)
- CDC Other Revenues - Grants and Private Sources
- CFD Accounting - Activity Funds Management
- CPC Office Management - Records Management
- DH Employee Standards of Conduct
- GE Relations with Parents or Parents' Organizations
- FP Student Fees, Fines and Charges

Link to all CISD Board Policies:

1.2 Fiscal Responsibilities

Per CAA (Local) Fiscal Management Goals and Objectives (Financial Ethics), All Trustees, employees, vendors, contractors, consultants, volunteers, and any other parties who are involved in the District's financial transactions shall act with integrity and diligence in duties involving the District's fiscal resources.

The District prohibits fraud and financial impropriety, as defined below, in the actions of its Trustees, employees, vendors, contractors, consultants, volunteers, and any other parties seeking or maintaining a business relationship with the District.

Fraud and financial impropriety shall include but not be limited to:

1. Forgery or unauthorized alteration of any document or account belonging to the District.
2. Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
3. Misappropriation of funds, securities, supplies, or other District assets, including employee time.
4. Impropriety in the handling of money or reporting of District financial transactions.
5. Profiteering as a result of insider knowledge of District information or activities.
6. Unauthorized disclosure of confidential or proprietary information to outside parties.
7. Unauthorized disclosure of investment activities engaged in or contemplated by the District.

8. Accepting or seeking anything of material value from contractors, vendors, or other persons providing services of materials to the District, except as otherwise permitted by law or District policy. [See DBD-Employment Requirements and Restrictions]
9. Inappropriately destroying, removing, or using records, furniture, fixtures or equipment.
10. Failure to provide financial records required by state or local entities.
11. Failure to disclose conflicts of interest as required by law or District policy.
12. Any other dishonest act regarding the finances of the District.
13. Failure to comply with requirements imposed by law, the awarding agency, or a pass-through entity for state and federal awards.

CAA (Local) also states, “Each employee who supervises or prepares District financial reports or transactions shall set an example of honest and ethical behavior and shall actively monitor his or her area of responsibility for fraud and financial impropriety.”

Per Board Policy DH (Legal) “All District employees are “public servants” and therefore subject to Title VIII of the Penal Code, regarding offenses against public administration, including restrictions on acceptance of illegal gifts, honoraria and expenses, and abuse of office. *Penal Code 1.07(a)(41), Title VIII* [See DBD and BBFA].

1.3 Educators’ Code of Ethics

The following is an excerpt from DH (Exhibit) Code of Ethics and Standard Practices for Texas Educators:

The Texas educator, in maintaining the dignity of the profession, shall respect and obey the law, demonstrate personal integrity, and exemplify honesty.

Standards of Professional Ethical Conduct, Practices, and Performance

Standard 1.1 The educator shall not intentionally, knowingly, or recklessly Engage in deceptive practices regarding official policies of the District, educational institution, educator preparation program, the Texas Education Agency, or the State Board for Educator Certification (SBEC) and its certification process.

Standard 1.2 The educator shall not knowingly misappropriate, divert, or use Monies, personnel, property, or equipment committed to his or her charge for personal gain or advantage.

Standard 1.3 The educator shall not submit fraudulent requests for reimbursement, expenses, or pay.

Standard 1.4 The educator shall not use institutional or professional privileges for personal or partisan advantage.

Standard 1.5 The educator shall neither accept nor offer gratuities, gifts, or favors that impair professional judgment or to obtain special advantage. This standard shall not restrict the acceptance of gifts or tokens offered and accepted openly from students, parents of students, or other persons or organizations in recognition or appreciation of service.

Standard 1.6 The educator shall not falsify records, or direct or coerce others to do so.

Standard 1.7 The educator shall comply with state regulations, written local Board policies, and other state and federal laws.

1.4 Purpose of Activity Funds

Activity funds are designed to account for funds held by a school in a trustee capacity or as an agent for students, club organizations of the campus, teachers and the general administration of the school. All funds collected by school district personnel from students are defined as activity funds and must be handled through the activity funds accounts. These funds are used to promote the general welfare of each school and the educational development and morale of all students. The accounting function for the Activity Fund is delegated to each campus; each campus must comply with the guidelines and procedures required by in this manual.

There are two types of activity funds that are common in Texas Public Schools - *Campus Activity Funds* and *Student Activity Funds*.

1.4.1 Campus Activity Funds

Campus activity funds consist of money raised locally at the school or donated to the school. These funds are considered special revenue funds and include collections for school pictures, yearbooks, class rings, uniforms, etc. These funds are disbursed at the discretion of the principal but must be used to promote the general welfare of each school and the educational development and morale of all students. These funds are subject to purchasing and bid laws.

Per Board policy CFD (Legal), campus activity funds must be used for expenditures, “related to the District’s educational purpose and provide a commensurate benefit to the District or its students; and meet the standards of *Sec. 52, Article III, Texas Constitution*, regarding expenditure of public funds.”

The school principal is responsible for the proper collection, disbursement and control of all activity fund monies. This responsibility includes:

- Providing for safekeeping of monies
- Proper accounting and administration of fund transactions
- Expenditure of funds in compliance with applicable state laws, and local board policy administrative guidelines.

1.4.2 Student Activity Funds

Student activity funds are the property of the student groups, i.e. student council, pep squad, etc. The school district is required to provide stewardship by properly accounting for these funds. Student activity funds are funds held by the school district in a trustee capacity and are defined by TEA as custodial funds. However, decisions on the use of the club funds rests solely on the specific student groups to whom the funds belong, as long as the decisions regarding the use of the funds do not conflict with Board policy and/or legal regulations or restrictions. Per Board policy CFD (Local), "Funds collected by student groups shall be used only for purposes authorized by the organization or upon approval of the sponsor...All funds raised by student organizations must be expended for the benefit of the students."

Class, club or student groups must be **bona fide chapters** to qualify for tax-free days. These student groups must meet as a club and not just as a class.

Per the Texas Education Agency Resource Guide 5.5.5.4:

According to the State Comptroller's Office, a **bona fide chapter** is a group that must be organized for some business or activity other than instruction or a participatory group. Essentially, any student group that is recognized by the school and is organized by electing officers (not just participatory captains), holding meetings, and conducting business are bona fide chapters of the school and each group may have two, one-day, tax-free sales in a calendar year. Groups meeting for classroom instruction or team sports are not categorized as bona fide chapters and do not qualify for the tax-free day sales.

To qualify as a **bona fide chapter** of a school, a group of students must be organized for an activity other than instruction or to have a tax-free sale. Bona fide chapters include students groups recognized by the school and organized by electing officers, holding meetings and conducting business. There is no limit on the number of bona fide chapters a school can have. Bona fide chapters can include whole group levels (for example, senior class, or freshmen) but cannot be limited to specific classes such as Senior English or Biology II. Groups meeting for classroom instruction or team sports (such as the soccer team) are not considered bona fide chapters and do not qualify for the tax-free day sales.

For example:

- The Basketball Club qualifies, but the basketball team does not.
- The Cheerleader Club qualifies, but the cheerleader team does not.
- The Senior Class qualifies, but not one particular class that has seniors in it.

Note about bona fide Student Organizations:

- Before establishing a student group/organization, prior approval from the principal must be obtained.
- A student organization is operated by the students with the oversight of a sponsor.
- Sponsors must keep detailed records of the organization's activities and collection and disbursement of the organization's funds.
- A student organization must adopt bylaws and hold regular posted meetings. Member must sign in at the meetings. A *Club Meeting Sign-In sheet* has been provided for your convenience.
- A student organization must elect officers to conduct the business of the club. Any business or activity of the club must be approved by majority vote of the club members.
- Officers must conduct the meetings in accordance with the by-law and under the guidance of the sponsor.
- Minutes of the organization's meetings must be written and retained. The minutes must be read and approved at the subsequent meeting. Please see *Club Minutes* for a suggested format.
- The Club treasurer should prepare and present a treasurer's report at monthly meetings.
- As mentioned above, the funds raised by a student organization are to be expended at the discretion of the students and documented in the minutes.
- An organization to be disbanded may determine the use of the remaining balance in its activity fund in accordance to its organizing documents.
- Funds remaining from an organization which made no such documented determination may be transferred by the principal to the campus activity fund and used at the principal's discretion. (As per Board Policy CFD(Local))

1.5 Budgeted Funds (District Funds)

Facility rental collections, returns on pre-pays, advance travel funds or purchase orders in excess of actual expenses are not to be deposited into the Activity Fund bank account. These collections are considered district funds (budgeted/general fund) and must be sent to the Financial Services Department (FSD) for deposit into the appropriate Carroll ISD bank account. The bookkeeper/secretary should complete a daily deposit summary prior to taking the funds to the FSD. FSD personnel will issue a receipt to the bookkeeper/secretary. A copy of the daily deposit summary and the receipt should be retained in the campus records. Daily deposits are required unless the campus secretary has less than \$250 in the campus safe and may be deposited by the end of the week; all funds must be deposited no later than 7 days from receipt.

Gate receipts are considered district funds (budgeted/general fund).

Per Board policy CFD (Legal), local funds from vending machines, rentals, gate receipts or other local sources of revenue over which the District has direct control must be used for expenditures, "related to the District's educational purpose and provide commensurate benefit to the District or its students; and meet the standards of Sec. 52, Article III, Texas Constitution, regarding expenditure of public funds."

1.6 Sunshine Funds

Faculty, flower or sunshine accounts consist of monies contributed or generated solely by members of the school's faculty. These funds should be utilized or expended at the faculty's discretion. Per TEA, these funds are also accounted for as an agency (865) fund.

Per the Texas Education Agency Resource Guide 5.5.6.1, "Effective September 1, 2009, HB 3646, 81st Regular Legislative session, requires school districts to adopt a policy governing the expenditure of local funds from vending machines, rentals, gate receipts, or other local sources of revenue over which the district has direct control. The policy must require discretionary expenditures of local funds to be related to the district's educational purpose and provide a commensurate benefit to the district or its students and meet standards of Sec. 52, Article III, of the Texas Constitution regarding expenditure of public funds."

Per Board Policy CFD (Local), "Funds generated from vending machines, rentals, gate receipts, concessions, and other local sources of revenue over which the District has direct control shall be expended for the benefit of the district or its students and shall be related to the District's educational purpose."

1.7 Budget Transfers Between Funds

Transfers between fund types are never allowed. Transfers are only allowed between accounts within campus activity account group (461 funds).

If you have any questions about transfers, please contact the Executive Director of Finance, Bryan Myres at 817-949-8271. Or by email Bryan.Myres@southlakecarroll.edu

1.8 Carryover Funds

In accordance to Board Policy CFD (Local), carryover funds of activity funds, "shall be left in the appropriate account and each sponsoring group shall retain the carryover funds for the next fiscal year. If an organization ceases to function or exists, the unexpended funds of the organization shall be credited to the appropriate administrative activity account."

1.9 Internal Audit

Board Policy CAA (Local), the Board specifies that the Superintendent or designee shall maintain a system of internal controls to deter and monitor for fraud or financial impropriety in the District. Additionally, Financial Services Department staff will conduct random audits of the various activity fund accounts. This process will be done in order to examine and evaluate the District activities for the purpose of advising and assisting the Board, Superintendent, and District Administration in satisfying their legal obligations for ensuring proper and reasonable operation of the District. Staff will provide a service

of review and reporting based on an independent appraisal of accounting, financial and other operations of an activity.

Principals, bookkeepers, secretaries, sponsors, etc. are to make all activity funds records available for audit upon request from the internal audit staff member.

1.10 Record Keeping

In Board Policy CPC (Legal) defines a local government record to be, “any document, paper, letter, book, map, photograph, sound or video recording, microfilm, magnetic tape, electronic medium, or other information-recording medium, regardless of physical form or characteristic and regardless of whether public access to it is open or restricted under the laws of the state, created or received by the District or any of its officers or employees, pursuant to law or in the transaction of public business.”

Activity Fund records are to be retained at the school for a period of at least 5 years in accordance with the Local Government Records Act or longer if stipulated by CPC (Legal) and/or CPC (Local).

Do not take Activity Funds records home for any reason.

Per Board Policy DH (Legal), “All District employees are “public servants” and therefore subject to Title VIII of the Penal Code, regarding offenses against public administration, including restrictions on the acceptance of illegal gifts, honoraria and expenses, and abuse of office.” Penal Code 1.07(a)(41), Title VIII [DBD and BBFA].

Per the Texas Penal Code Title 8 Sec. 37.10, tampering with governmental records is an offense. In accordance with the Penal Code, the following are considered “tampering with governmental records:”

1. Knowingly makes a false entry in, or a false alteration of, a governmental record;
2. Makes, presents, or uses any record, document, or thing with knowledge of its falsity and with intent that it be taken as genuine governmental record;
3. Intentionally destroys, conceals, removes, or otherwise impairs the verity, legibility, or availability of a governmental record;
4. Possesses, sells, or offers to sell a governmental record or a blank governmental record form with intent that it be used unlawfully; or
5. Makes, presents, or uses a governmental record with knowledge of its falsity.

According to Section 37.10(c)(2)(A), tampering with governmental records is considered a felony of the third degree if it is shown on the trial of the offense that the governmental record was a public school record, or assessment instrument required under Chapter 39, Education Code.

In addition, CPC (Legal) states that, “Anyone who knowingly alters, destroys, mutilates, conceals, covers up, falsifies, or makes a false entry in any record, document, or tangible object with the intent to impede, obstruct, or influence the investigation or

proper administration of any matter within the jurisdiction of any department or agency of the United States or any bankruptcy case, or in relation to or contemplation of any such matter or case, shall be fined, imprisoned not more than 20 years, or both. 18 U.S. C. 1519.”

SECTION II. CASH RECEIPTS

2.1 Collecting Funds

Prior to collecting cash from fundraising activities, the sponsor shall have an approved *Fundraising Activity Approval Form* (approved by the Campus Principal and the Financial Services Department) on file with the Principal’s Secretary.

When receiving checks and cash you must use one of three methods to acknowledge receipt of the funds.

1. Issue a receipt to each person making a payment; retain a copy of this receipt to be kept with your record of the deposit.

The receipt book must be bound, pre-numbered with triplicate copies. The original is given to the payee, the 2nd copy shall move with the money, and the 3rd copy shall remain in the receipt book for audit purposes.

If it is necessary to void a receipt, please write VOID on the receipt along with the number of the new receipt issued. If a receipt is voided without a replacement, include an explanation of why the receipt was voided.

OR

2. *Donation Acknowledgement Form* - for donations, complete the form, make a copy of the check, noting the date it was received in your office.

OR

3. Complete the *Student Collection Fee Form*
 - a. Each student making a payment must be listed on the form under, “*Student Name*” column (you may pre-populate this in advance to save time).
 - b. Each student’s payment amount must be listed in the “*Amount Collected*” column.
 - c. In the “*Cash/Check #*” column enter the appropriate designation. (i.e. “cash for cash collections and the “number of the check” for check collections).
 - d. “*Date Collected*” column list the date the funds were received.
 - e. In the “*Student Initials*” column, have the student initial.
DO NOT INITIAL FOR THEM, or leave the column blank.

The purpose of this is to show acknowledgement of their payment to you.

- f. List the total amount collected for each day at the bottom of the page.
- g. Turn this page, and the funds collected, in to your campus/department secretary on a daily basis.
- h. Teacher/Sponsor must sign and date the *Receipt of Funds* form acknowledging submission of the funds.
- i. Campus/Department Secretary must sign and date the *Receipt of Funds* form at the same time, acknowledging receipt of the funds.

ONE OF THE THREE OPTIONS LISTED ABOVE MUST BE COMPLETED

Exceptions to this requirement may include:

1. Vendor Payments/Refunds - in this case make a copy of the check, noting the date received in your office, and attach to your deposit information.
2. Concessions - make sure two people count and sign off on the *Receipt of Funds* form, and attach to your deposit information.
3. Library Book Fairs - you may use your cash register tape as proof that a receipt was issued. These tapes must match the date and amount of your deposit. Attach them to your deposit information.

2.2 Submitting Funds for Deposit

- Teacher/Sponsors must submit all funds collected to the Campus/Department secretary on a **DAILY BASIS**. **DO NOT** keep the funds in your classroom, car, file cabinet, home or elsewhere.
- Campus/Department secretaries must place all funds submitted to them in the office safe until they can process and deposit for pickup by the bank courier.
- Campus/Department secretaries must deposit all funds received within 48 hours of receipt; unless the total amount in the safe is less than \$250.00. Regardless, all funds must be deposited within no more than five (5) days after receipt.
- Supporting documentation copies shall be retained with the Campus/Department deposit records. These should include:
 - Copy of the check.
 - Copy of any letters, or other documentation supporting the check or cash payment.
 - Your copy of receipts issued to the payee; or the *Donation Acknowledgement* form; or the *Student Collection Fee* form.
 - Bank deposit report, if checks re deposited electronically.
 - Other information as deemed appropriate.

- Campus/Department secretaries shall retain each packet of information for each deposit, for future audit requirements.

2.3 Deposit Audit Criteria

The following list details the criteria the audit of your deposits will be based upon.

- a. *Receipt of Funds* form complete
- b. *Receipt of Funds* form signed by teacher/sponsor
- c. *Receipt of Funds* form signed by secretary
- d. *Receipt of Funds* form signed by principal/supervisor
- e. *Student Collection Fee* form completed accurately and completely, or receipts issued to each individual payee
- f. *Student Collection Fee* form includes date money was received (new form used each day)
- g. *Student Collection Fee* form initialed by students (NOT TEACHER/SPONSOR), or
- h. *Donation Acknowledgement* form is completed and attached
- i. Deposit made in a timely manner by teacher/sponsor (daily)
- j. Deposit made in a timely manner by secretary, unless the total amount in the safe is less than \$250.00. All funds must be deposited no later than five (5) days after receipt
- k. Deposit amount agrees to supporting documentation
- l. Deposit did not include a bank correction >\$5.00
- m. Deposited posted timely by Financial Services staff (Responsibility lies with FS staff)

Forms Used

- a. *Receipt of Funds form*
- b. *Receipt Books*
- c. *Student Collection of Fees form*
- d. *Donation Acknowledgement form*

2.4 Other Considerations

Cash should never be removed from any activity fund collections and replaced with the sponsor's or anyone's personal check.

Cash collections may not be used to make purchases, cash checks, or other purposes. Checks written to the school should be for the amount of the purchase only. Do not accept a check for more than the amount of purchase, and never give cash back.

Postdated checks are not to be accepted. Checks are not to be held but must be deposited immediately.

Please note: *The District and its employees do not account for or are responsible for funds of external organizations such as PTOs or Booster Clubs.*

The sponsor bears responsibility for any missing deposits or deposit shortage if the funds are not verified in the presence of the Principal's Secretary.

2.5 Entering Deposits in the Financial System

Deposits are posted to the Skyward Financial system by the Financial Services department weekly.

Notices of checks which were not deposited due to “insufficient funds” shall be received by and processed by the Financial Services department. NSF checks will be sent to the District’s third party collection agency for collection. A Cash Receipt Reversal shall be prepared to record the returned deposit and posted to the general ledger account where the original deposit was made.

SECTION III - CASH DISBURSEMENTS

3.1 General Requirements

In making purchase, all of the policies and procedures set forth by the District Financial Services Department related to procurement procedures must be complied with when dealing with activity funds.

- All expenditures must be paid by check.
- Cash collections may not be used to make purchases, cash checks, or other purposes.
- Sales tax is not to be paid on an original invoice or on a reimbursement.
- In the case of reimbursements, the tax exempt certificate should be sent with the school employee making the purchases; these employees should be told which stores honor the certificate upon presentation.

3.2 Purchase Requisitions

No disbursement should be made for an amount greater than the balance in an organization’s activity funds account.

The balance in the activity fund should be monitored regularly in order to ensure that sufficient funds are available before any requisitions (requests) are prepared.

Proper documentation should be provided to the principal before requisitions are approved.

Purchase requisitions must comply with all District approved purchasing procedures.

3.3 Hiring Employees or Consultants

Any payment to a Carroll ISD employee for any reason other than the reimbursement for an allowable expenditure must be processed through Payroll and accompanied by an extra duty authorization form as prescribed by the Payroll Department.

Any payment to a consultant can be made only with a completed and current W-9 on file and completion of a consultant agreement form. Please contact the Payroll Department with any questions about payment of employees or consultants.

Please also refer to *Teacher/District Employee Involvement* for more information about District policies concerning district employees' involvement in fundraising or with parent organizations.

3.4 Expending Student Activity Funds

Income received from a specific group (i.e. Student Council, Band, etc.) must be expended for that group. The principal must ensure that expenditures from the Student Activity Funds accounts comply with the intended purpose of the group and funds are not diverted to other uses.

Student Activity Funds shall be used for the benefit of the students currently in school who participate in activities conducted in generating the club or organization funds.

It is recommended that these funds be expended on an annual basis so those students who participate in the fundraising activities sponsored by the club/organization can have the benefit of their use.

Travel expense for sponsors/teachers who must accompany their students on a club/organization trip may be paid from the club/organization account. The use of the student funds to pay for the employee's travel expenses shall be subject to the guidelines set forth in Board Policy DEE (Local). The dollar limitation for lodging, meals, etc. shall be set forth by the student group when student activity funds are used, provided district policies are not violated.

For more information, please see the discussion on Student Activity Funds in this handbook.

3.5 Expending Campus Activity Funds

The principal shall use reasonable discretion in spending campus activity funds.

The Texas Education Agency (TEA) requires campuses to exercise discretion in using campus activity funds for teacher incentives.

For more information, please see the discussion on *Campus Activity Funds* from this handbook.

The following chart is not all inclusive but is provided as a guide as to what disbursements are appropriate or prohibited when expended from Campus Activity Funds.

See table on the following page.

461 ACCOUNTS - APPROPRIATE/PROHIBITED EXPENDITURES

Appropriate Expenditures	Prohibited Expenditures
Organization or institutional memberships. However, if an individual membership is necessary for students to participate in certain activities, then the expenditure is acceptable if a notation is made to document the necessity.	Payment of an individual's organization dues or fees (even if school business related).
School assemblies and field trips.	Reimbursement for luncheons or dinners while attending a civic organization's meetings.
Student body social functions.	
Awards such as plaques, caps, certificates, in recognition of students, staff, or volunteers for services to the campus or Carroll ISD.	Extravagant or high-priced awards such as watches or other jewelry.
Training for staff.	Payment of an individual's personal bills. (i.e. payment of a family's electric bill during a winter month).
Scholastic magazines and books.	Loans to employees, parents, or students for any reason.
Supplemental classroom instructional needs and general office supplies.	Parties for staff, including food, decorations and favors.
Improvement of campus and site facilities such as plants, bulletin boards, signs and flags.	Alcoholic beverages, tobacco products, controlled substances, firearms, and other weapons.
Expenses and purchases related to fund-raising activities.	Payment of expenses of spouses or other non-employees.
Supplementing of student organizations' activities.	Payment of professional organization liability insurance for any individual.
After-hour security.	Appreciation and fund raising dinner tickets.
Tickets for school-related functions when attendance is required by the Principal.	
District approved conference attendance and travel costs for employees, subject to local travel limitations.	Abuse of number of appreciation meals furnished to staff.
Refreshments and snacks for teacher-in-service meetings. Appropriate items might include pastries, tacos, fruit, cookies, and drinks.	Appreciation meals furnished to employees which exceed reasonable limitations noted.
Business meals for staff. For reasonable cost comparisons, the per diem amounts are: breakfasts \$6, lunch \$8, dinner \$16. Appropriate documentation indicating who was at the meeting and what was discussed is required for IRS purposes.	Replacement of an individual's property that was lost, stolen, or damaged on the school or district's premises or while being used at a school or district function. Use of funds in this manner is prohibited by the Texas Tort Claims Act.
Retirement reception costs such as refreshments, plates, napkins, utensils for a retiring member of the school staff.	Daily coffee and other drinks for faculty and staff.
Refreshments and snacks for meetings where the school serves as host for related activities for students, staff and patrons.	Transfers of funds to the faculty accounts (unless the transfer is to correct a prior error).
Required school apparel that becomes the employees' personal property not to exceed \$75 per year in accordance with IRS guidelines.	Any expense which appears to benefit private individuals or entities in ways so out of proportion to the overall public benefit that they amount to a virtual donation.
Award presentations for students, volunteers, or district employees.	Any other expenditure prohibited by federal or state law, TEA or Board policy, or CISD regulation.

(Chart taken from TASBO Certification Course - *Activity Fund Accounting - ACT 301*)

3.5.1 Awards and Incentives

All incentives will support individual student achievement, be educational in nature, and in alignment with the District's primary mission and goals.

- The award must be appropriately related to the purpose of the program and should be a reasonable way to motivate students to achieve the specified goals of the programs from which the funds were expended.
- The award must be directly linked to a motivational activity which is part of the school's plan to facilitate academic or related achievement. This activity should be described, justified and the award/incentive be logical and reasonable in value.

Examples of Acceptable Awards/Incentives

This list is intended to be examples of acceptable awards or incentives. Please discuss the specific program and intent of the awards or incentives with your appropriate supervisor.

- Trophies or plaques
- Academic achievement shirts
- Grade-appropriate books, art supplies, bookmarks, writing journals
- Pins
- Academic achievement patch
- Field trip with instructional purpose
- Movie at the Science Center
- Uniform or school shirt

3.5.2 Donations

If you plan to solicit donations you must complete a *Fundraising Activity Approval Form* and submit the form to the Financial Services Department, Purchasing Supervisor.

Approval is required before you solicit donations.

Donations are gifts or contributions to an organization. Donations can be given to a specific student group, a campus or to the district at large.

All donations cash or non-cash (no exceptions) must be brought to the attention of the Financial Services Department as soon as possible. Note: "Gift Cards" given to the district are cash donations and must be treated as such. Gift cards/certificates donated to the district are considered taxable income by the IRS, and there is no minimum value threshold per the IRS *de minimis* benefit definition.

The donor should complete the *Donation Acknowledgement form*. This form should accompany any check or cash to the Financial Services Department.

Please note that donations to student accounts should not have any restrictions. Donations that have restrictions must be recorded in a campus or district fund.

Donations with a value of \$5,000 or more (cash or non-cash) must be presented to the School Board for approval and/or review. This amount can be viewed as an accumulation over the year that meets or exceeds the \$5,000 threshold. Donation requests will be assessed as to the appropriateness and value prior to acceptance.

For Non-Cash Donations:

Submit the following information on the *Donation Acknowledgement form*:

- Name of Company, local group, individual, church, etc. making the donation.
- Item(s) being donated - be specific, # of items, items description (type) and amount.
- Market value of donations.
- Delivery date or requested pick up date.
- Beneficiary (CISD District, specific campus or student group).
- Signature and date of donor or representative.

For Cash Donations:

Submit the following information on the *Donation Acknowledgement form*:

- Name of Company, local group, individual, church, etc. making the donation.
- Amount of donation - be specific - cash or check.
- Beneficiary (CISD District, specific campus or student group).
- Signature and date of donor or representative.

SECTION IV. FUNDRAISING

All fundraising information can be found in the *Carroll Independent School District Fundraising Policies & Procedures* manual. This manual can be found on the district website on the *Quicklinks* page. Please refer to this manual for all questions related to fundraising.

SECTION V. RECEIVING CONTRIBUTIONS / DONATIONS

5.1 Receiving Contributions

All gifts shall be processed through the Financial Services Department; gifts valued at \$5,000 or more, must be approved by the Board of Trustees. Gifts of lesser value may be accepted by the Superintendent with Board notification.

All contributions received from individuals or organizations (including parent organizations) in the form of cash, noncash items, or service needed to be reported on the Donation Form and submitted to the Principal, who, upon approval, would submit to the Financial Services Department. If the contribution received is valued at \$1 to \$4,999 please do not accept the donation until the Principal and/or Superintendent approves the gift. If the contribution is \$5,000 or more please do not accept the donation until the Board approves it.

SECTION VI. SALES TAX

6.1 Texas State Sales and Use Tax

Independent school districts in the state of Texas are exempt from state sales and use tax, as per the *Texas Administrative Code, Title 34, Part 1, Chapter 3, Subchapter O*.

Purchases made in the name of the school district or group of the school district are exempt from sales tax. As per the *Financial Accounting and Reporting Guide*, all items purchased by a public school for the school's own use qualify for an exemption from sales tax if the items purchased relate to the educational process. A tax exemption certificate for should be provide to all vendors. Any sales tax paid by an employee cannot be reimbursed by the school district.

Alternately, items purchased for the use of individuals for their own use are not exempt from sales tax. For example, cheerleader uniforms purchased by a student, which will be kept by the student and not returned to the school are subject to sales tax.

All sales by a school must be evaluated to determine if the sale is subject to sales tax. The following table gives a list of examples of what is a sale and what is not a sale. These lists are not exhaustive, but are a list of the most common types of sales. Not all sales are subject to sales tax.

Sale	Not a Sale
Admission - athletic, dances, dance performances, drama performances	Collection of funds from students to pay a company for admission or service. (i.e. PSAT tests, Sea World, Six Flags)
Admission - summer camps, clinics, workshops, project graduation	Commissions received
Bus Passes	Donations of money to the school or school group or donations for commemorative brick
Food sales	Dues received for club
Fundraisers where we are the seller, not just the middle man.	Fees - musical instrument maintenance, lab fees, uniform cleaning, transcripts
Parking Permits	Fieldtrip collections
Donated items that are sold	Fines received - textbooks, library books, parking fines, locker, uniforms, calculators, other obligations
Rental of facilities	Fundraisers when the school group merely receives a commission. (i.e. library book fairs, some author sales, recycling)
Rental of facilities	Lost payments - books, handbooks, calculators, locks, ID cards
Sales of merchandise (to include items made by students, ie. Floral arrangements)	Marathon fundraisers - these are donations (i.e. lift-a-thon, jog-a-thon, jump rope for heart, basketball hoops)
Sales of services	NSF check redeposits
School publication sales	Summer school, Community Education tuition and fees

Once you have determined if your money collection is an actual sale, you must then decide if it is a sales taxable event. A good rule of thumb for this determination is, *does the item become the property of the student or other individual?*

If the item indeed becomes property of an individual (transferring the ownership from the school district to an individual) then by law we must collect and remit sales tax to the state.

The tables that follow give examples of taxable sales and non-taxable sales, again these are not an exhaustive list, but simply the most common types of sales.

Taxable Sales	Non-Taxable Sales
Agenda books	Ad sales - in yearbooks, athletic programs, newspapers, posters
Agricultural sales	Admission - athletic events, dances, dance performances, drama and musical performances
Art - supplies and works of art	Admission - summer camps, clinics, workshops, project graduation
Artistic - CDs, tapes, videos	Admission - banquet fees
Auction items	Admission - bids, prom, homecoming
Automotive parts and supplies	Admission - tournament fees, academic competition fees
Band equipment, supplies, patches, badges, uniform sales, or rentals	Cosmetology services (products sold to customers are taxable)
Book covers	Discount/Entertainment cards and books
Books - workbooks, vocabulary, library, author (when we are the seller)	Facility rentals (if no food is sold or if rented to another exempt organization)
Brochure items	Food items sold during fundraisers (including annual plants, seeds that produce food for human consumption)
Calculators	Labor - automotive, upholstery classes (parts are taxable)
Calendars	Magazine subscriptions greater than six months
Candles	Parking permits & bus passes
Car painting, pin-striping	Services - car washes, cleaning
Clothing - school, club, class, spirit	
Computer - supplies, mouse pads	
Cosmetology products sold to customers	
Cups - glass, plastic, paper	
Decals	
Directors - student, faculty	
Drafting supplies	
Facility rentals - if food is provided in the cost of the rental	
Family and Consumer Science supplies and sewing kits	
Fees - copies, printing, laminating	
Flowers and flower arrangements	
Greeting Cards	
Handicrafts	
Horticulture items	
Hygiene supplies	
ID cards - if they are sold to the entire student body (not just a fine for a replacement)	

Taxable Sales	Non-Taxable Sales
Locks	
Lumber	
Merchandise, tangible personal property	
Magazines - subscriptions less than six months	
Musical Supplies - recorders, reeds	
Parts - career & technology classes (not to include products used in cosmetology)	
Parts - upholstery	
PE - uniforms, supplies	
Pennants	
Pictures - school or group if the school is the seller	
Plants - holiday greenery and poinsettias	
Rentals - uniforms of any kind, towels	
Repairs to tangible personal property (i.e. computer repairs, house remodeling)	
Rings and other school jewelry	
Rummage, yard and/or garage sales	
Safety supplies	
School publications - athletic programs, posters, brochures, magazines unless > six month subscriptions, newsletters, newspapers, reading books, sheet music, yearbooks	
School store - all items except food	
Spirit items	
Stadium seats	
Stationery	
Supplies sold to students (classroom supply fees)	
Uniforms - any type (PE, dance team, drill team, cheerleaders, athletic, club shirts)	
Vending - pencils and other non-edible supplies when the school services the machine	
Woodworking crafts - labor and materials	
Yard sales	

The key decisions are to

- Determine if the funds transaction is indeed a sale, and
- Determine if the sale is indeed a taxable event.

If the funds transaction meets both criteria, then funds collected are taxable and must be reported as such to the state.

School districts, campuses and *bona fide chapters* within the district (official student groups) are allowed two free Tax-Free Days per calendar year.

The district as a whole may have two tax free fund raising events per calendar year. Each campus within the district is allowed two tax free fund raising events per calendar year, and each bona fide chapter within the campus / district is allowed two tax free fund raising events per calendar year.

A *bona fide chapter* is a group that is organized for some business or activity other than instruction or a participatory group. Any student group that is recognized by the school is organized by electing officers (not just participatory captains) holding meetings, and conducting business are bona fide chapters.

Groups meeting for classroom instruction or team sports are not bona fide chapters and do not qualify for the tax-free day sales.

For example:

- The Swim Club qualifies, but the swim class does not qualify.
- The Senior Class qualifies, but one particular class that has seniors in it does not qualify.
- The French Club qualifies, but the French class does not qualify.
- The Debate Club qualifies, but the Debate class does not qualify.

Two Tax Free Sale Days per calendar year.

- One day means 24 hours and delivery must be on that day
- The transfer of property must be during that one 24 hour period
- You may have pre-orders and pre-sales, but the delivery must happen within that one designated day.
- Any sales after that day for the same items are considered taxable
 - For example: you take orders for yearbooks and collect funds. The delivery of the yearbooks is set for one specific day. This would be one of the tax-free events for a campus. Any yearbook sales after that one day would be taxable sales.

APPENDIX

FORMS

All forms are located on the District's Global Drive, and may be accessed via the following network pathway.

G: / Financial Services / Forms